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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: **In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98; Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers, CC Docket No. 95-185**

Dear Mr. Caton:

Enclosed herewith for filing are the original and eleven (11) copies of MCI Telecommunications Corporation's Petition for Reconsideration regarding the above-captioned matter.

Please acknowledge receipt by affixing an appropriate notation on the copy of the MCI Petition for Reconsideration furnished for such purpose and remit same to the bearer.

Sincerely yours,

Lisa Smith

Enclosure
LS

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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PETITION FOR RECONSIDERATION OF MCI TELECOMMUNICATIONS CORPORATION

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EXECUTIVE SUMMARY

In its Interconnection Order, the Commission establishes a national framework for local market entry. This framework, which MCI generally supports, provides the states in partnership with the FCC, with flexibility to develop rules in furtherance of the statutory mandate set forth in the Telecommunications Act of 1996. However, MCI, as a new entrant to the local marketplace, has experience in negotiating interconnection arrangements with incumbent local exchange providers, and has become fully aware of the means by which ILECs are able to impede its progress into the local market. To that end, MCI has requested that the Commission either reconsider or clarify certain provisions of its interconnection rules to ensure that competition occurs quickly as contemplated by Congress.

MCI encourages the Commission to endorse the Hatfield Model as a suitable model for the estimation of the forward-looking total element long run incremental costs for unbundled elements. The Model complies with the Commission's definition of TELRIC and is sufficiently flexible to allow for evaluation of alternative assumptions. Moreover, endorsement of the Hatfield Model will also allow for faster entry into local markets as states will not be required to undergo lengthy debates about whether differing studies satisfy TELRIC criteria.

The Commission's default discount rate must be adjusted. The Commission's use of a revised version of MCI's methodology for calculating indirect avoided costs has resulted in an undervaluation of indirect avoided costs. MCI employed "subject to separations" data to develop this information based on an assumption that ILECs would be required to resell inter- and intrastate services. However, the Commission's determination not to require the resale of interstate services, but its use of the "subject to separations" data in its calculation of avoided indirect costs, has skewed the discount proxy rates.

It is also imperative, based on the Commission's criteria for requiring ILECs to unbundle certain elements, that the Commission require the further unbundling of elements including, but not limited to, feeder/distribution, dark fiber and the advanced intelligence network (AIN) . It is technically feasible to unbundle each of these elements and the Commission's proprietary and impairment standards cannot be met by the ILECs. The Commission has reached these same conclusions for each of the other unbundled elements in its Order. It is entirely appropriate here for the Commission to require the unbundling of these elements so that new entrants will not be forced to undertake costly and time-consuming negotiations with the states in order to seek further unbundling for elements that clearly meet the Commission's requirements.

To ensure that double recovery does not ensue, compensation to the ILECs for expansion of capacity and upgraded facilities must be based on incremental costs. First, the Commission must clarify that the fill factors must be based on a reasonable estimate of the forward-looking, total long run usage of the element and the maximum total demand that can be placed on a facility without endangering service quality or requiring additional investment. Second, the Commission should establish a "rebate" mechanism to price the recovery of these additional costs on an average incremental basis so that ILECs cannot over recover their costs when an initial entrant purchases unbundled elements and pays the incremental start-up costs. To further this goal, the future revenue earnings for utility companies that create excess rights-of-way should also be subject to similar safeguards to prevent overcompensation.

The proxy ceilings for collocation elements and transport must also be adjusted because they include incumbent LEC embedded costs in violation of the 1996 Act and the Commission's rules. The Commission, by basing these rates on tariffed interstate collocation rates and adopting the "new services test" for this calculation incorporated historical cost factors in its calculation of overhead. Moreover, the Commission must require the ILECs to offer leaseback as an option for virtual collocation and endorse the Hatfield Model as the appropriate methodology for establishing transport rates.

The Commission's determination with regard to promotional rates is flawed in several respects. First, the decision to exclude "short term" promotional rates from the resale requirement by defining retail rates as non-promotional rates is unacceptable. The 1996 Act clearly mandates that all retail services offered by ILECs to subscribers who are not telecommunications carriers, must be offered at wholesale rates. The Commission has opined that promotional offerings are services provided at retail. Therefore, promotional rates must be subject to the resale requirement.

In addition, the Commission mistakenly determined that ninety day (90) promotions were "short term" and that there was, therefore, no danger that ILECs would evade the wholesale obligation. Instead, the Commission should establish a period that is genuinely short and mandate that one year's time must expire before the same or similar services can be offered as a promotion. To avoid similar gaming of process by the ILECs, the Commission must establish national guidelines for withdrawal of service to avoid the withdrawal of services by ILECs for the purpose of precluding competitors from reselling that service and it mandate a date certain for the establishment of national standards for electronic interfaces.

Finally, the Commission must provide clarification of two key points. First, the error that appears in section 51.301(c)(8)(ii) of the Commission's rules must be corrected or eliminated to reflect that a failure of the requesting telecommunications carriers to furnish cost data that would be relevant to setting rates when in arbitration does not amount to a violation of its duty to negotiate in good faith. Moreover, the definition of "interconnection agreement" must be clarified to include any services or elements offered either through tariff or by any other means that establishes the rates, terms and conditions for local interconnection, local resale, and the purchase of unbundled elements.

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PETITION FOR RECONSIDERATION OF
MCI TELECOMMUNICATIONS CORPORATION

I. INTRODUCTION

MCI Telecommunications Corporation ("MCI") hereby submits its Petition for Reconsideration and clarification of portions of the Interconnection Order.[1] Congress' enactment of the Telecommunications Act of 1996,[2] signaled its intention to create "a procompetitive, deregulatory national policy framework" that would promote robust competition in all telecommunications markets. In its Order, the Federal Communications Commission (the "Commission") created the

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1 In the Matter of the Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, CC Docket Nos. 96-98 and 95-185, First Report and Order, FCC 96-325 (released Aug. 8, 1996) ("the Order").

2 Pub. L. No. 104-104, 110 St. 56 ("the Act" or the "1996 Act")) .

vehicle for accomplishing this goal through regulatory guidance and policy mandates. While MCI generally supports the framework established by the Commission that lays the foundation for encouraging local market competition, there are certain provisions within the Order that should be reconsidered or clarified. Indeed, the failure to modify or clarify the Commission's intent with respect to certain provisions of the Order would provide incumbent local exchange carriers ("ILECs" or "incumbent LECs") with the ability to erect or maintain barriers to local market entry for new entrants. To effectively eliminate this possibility, the Commission must seize this opportunity on reconsideration to ensure the development of a procompetitive telecommunications environment that was ultimately envisioned by Congress. Therefore, MCI respectfully requests reconsideration or clarification of the following issues rendered in the Commission's Order.

II. THE COMMISSION SHOULD ENDORSE THE USE OF THE HATFIELD MODEL TO DETERMINE FORWARD-LOOKING TELRIC COSTS OF UNBUNDLED NETWORK ELEMENTS.

In its Order, the Commission concluded that proxy rates for unbundled network elements should be established based on a combination of factors, including cost information presented in this and other Commission proceedings, rates established by various states, and the Cost Proxy Model ("CPM"), Benchmark Cost Model ("BCM") and Hatfield cost models presented in this proceeding Order at ¶ 835. The Commission declined to endorse any particular cost model, asserting that the Commission and the parties had insufficient time to evaluate the models. Instead, the Commission deferred consideration of the generic cost models to a future date. Order at ¶835

The Commission should reconsider this decision, and expressly endorse the Hatfield Model version 2.2.2 (the "Hatfield Model") as a suitable model for the estimation of the forward-looking total element long run incremental costs ("TELRIC") of unbundled network elements. The Hatfield Model is the only model on record that fully complies with the definition of TELRIC adopted in the Order. Moreover, it is the only model that estimates the cost of unbundled network elements.

The Hatfield Model estimates the forward-looking costs specific to each unbundled network element on a cost-causative basis, and assigns to each unbundled element a share of forward-looking joint and common costs using a percentage markup over costs directly estimated. Order at ¶¶ 682, 691, 694, 696. The Hatfield Model computes these costs based on the most efficient technology available today deployed in the incumbent LEC's current wire center locations. Order at ¶ 685. The Hatfield Model is long run in that all costs of constructing and operating the telecommunications network are considered. Order at ¶ 692. Finally, the Hatfield Model includes a reasonable return on investment and profit (which may be adjusted by the user). Order at ¶ 699, 702. In sum, the Hatfield Model complies with the definition of TELRIC that has been adopted by the Commission.

By contrast, the Benchmark Cost Model (BCM2) submitted for consideration in this proceeding fails to comply in certain important respects with the Commission's definition of TELRIC. The BCM2 does not use the most efficient forward-looking technology in all cases. For example, the BCM2 uses a universal digital loop carrier technology where fiber feeder plant is deployed in the provision of loops. The forward-looking technology in this case is Integrated Digital Loop Carrier, which is the technology assumed in the Hatfield Model. The BCM2 bases significant cost components on embedded cost, contrary to the Commission's conclusion in ¶ 704 that interconnection rates should be based on forward-looking economic cost rather than embedded cost. In BCM2, expenses for customer operations, corporate operations, and other depreciation and amortization are developed by assigning 75% of the embedded per-line expense from 1995 ARMIS data to basic local exchange service. Finally, the BCM2 is a study of the costs of basic local exchange service, and was not designed to estimate the costs of unbundled network elements. As such, it does not model directly the cost of interoffice facilities, and does not provide cost information for many of the elements that the Commission has ordered to be provided on an unbundled basis.[3]

The Hatfield Model is flexible in the values that may be specified as inputs

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3 As noted above, the Cost Proxy Model was also submitted to the Commission. Because that model is proprietary, MCI has not been able to fully analyze it.

to the Model's operation. Over 300 user-variable inputs may be specified, both for detailed assumptions concerning engineering practices and material costs, and for significant categories of expense, including values for capital costs and depreciation lives. In the Hatfield Model, capital structure and cost of debt and equity may be specified directly. While depreciation expense is included as part of the composite factors used in BCM2, specification of different depreciation lives implicit in the embedded data would require a recalculation of the composite factor. In the Hatfield Model, depreciation lives may be specified directly for thirteen separate categories of investment.

By contrast, many of the inputs to the BCM2 either are hard-wired in the model, or can be modified only by laboriously recalculating factors that BCM2 uses in estimating expenses. For example, BCM2 applies composite expense factors based on historical relationships between investments and expenses in ARMIS data to three categories of physical plant. These factors include depreciation and return on invested capital. If the user of the model wishes to specify a different return on investment than that assumed by the BCM2 developers, the return component on the composite factor would first have to be isolated, then a new composite factor calculated.

The flexible nature of the Hatfield Model permits the Commission, state commissions and interested parties, to examine alternative assumptions. The Commission concluded in its Order that the current authorized rate of return at the federal and/or state level is a reasonable starting point for TELRIC calculations. Order at ¶ 702. While the "default" value in the Hatfield Model is somewhat lower than these rates of return in most cases, the current Commission-authorized or state-authorized rate of return easily may be substituted for the Hatfield Model rate.

Thus, MCI urges the Commission to recognize the methodology embodied in the Hatfield Model as meeting the TELRIC criteria. It is the only model before the Commission that: (1) complies with the TELRIC definition adopted by the Commission in its Order; (2) is designed to estimate the costs of unbundled network elements; and (3) and is sufficiently flexible to permit easy evaluation of alternative assumptions.

The Commission should endorse the Hatfield model as a forward-looking methodology that meets its criteria for measuring cost pursuant to § 252(d)(1). Recognition by the Commission that the Hatfield Model is an acceptable way to calculate TELRIC is not only consistent with the Order, it would also allow the Order to be implemented more quickly. An endorsement of the Hatfield Model by the Commission would allow the states to adopt the model immediately, enabling individual states to move from proxy rates to actual cost-based rates in the near term. In accordance with the Commission's view that states must have flexibility under the Act to set rates, an endorsement by the Commission would not require states to employ the Hatfield Model, it would prevent protracted disputes regarding whether differing studies performed by the states result in TELRIC rates. For all these reasons, the Commission should endorse the

Hatfield Model v. 2.2.2. as an acceptable method for determining TELRIC rates.

III. THE COMMISSION SHOULD ESTABLISH NATIONAL STANDARDS REGARDING WITHDRAWAL OF SERVICE.

The Commission recognized that ILECs' "ability to withdraw services may have anticompetitive effects." Order at ¶ 968. Indeed, ILECs can, and already have, attempted to withdraw service generally, while grandfathering their own customers, for the purpose of precluding competitors from reselling that service. The very day the Act was signed, U.S. West announced plans to withdraw Centrex service in part of its territory.

That portion of the Order requiring ILECs to resell withdrawn service to a competitor in order to provide that service to an already grandfathered customer is a first step in protecting against this discriminatory practice. Id. at ¶ 968. But that is simply not enough. New entrants must be able to compete to win existing ILEC customers, but they must also be able to compete for new customers. Absent that ability, effective competition is impossible.

Nor is it appropriate to leave this matter entirely to state commissions. Although it is appropriate to leave to state commissions the decision whether to allow an ILEC to withdraw a given service, it is also appropriate for the Commission to set national rules, as it has done in other portions of the Order, to guide states in making that determination.[4] This ensures that decisions

[4] Indeed, the Commission did just that with its "grandfathering" rule.

regarding withdrawal of service are made consistently, instead of varying from state to state. Thus, MCI urges the Commission to adopt a rule providing that a state commission can grant an ILEC's petition to withdraw a service available for resale only if the ILEC demonstrates that it has no demand for that service either from an end user or another a telecommunications service provider, either at wholesale or retail rates, or that the relevant service has been effectively replaced by another service at comparable rates, terms, and conditions.

IV. ILECS MUST PROVIDE PROMOTIONAL OFFERINGS AT WHOLESALE RATES.

Section 251(c)(4) of the Act requires that ILECs offer, at wholesale rates, any service it provides "at retail." The wholesale discount is to be subtracted from the "retail rates charged to subscribers." § 252(d)(3).

As the Commission itself noted, the statute contains no exception for promotional discounts, however defined. Order at ¶ 948. Despite this, the Commission excluded "short term" promotional rates from the resale obligation by defining "retail rates" as non-promotional rates. Order at ¶ 949. This utterly ignores both the statutory language and common sense.

The language of the 1996 Act is unambiguous. Pursuant to Section 251(c)(4) of the 1996 Act, incumbent LECs must "offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers". Order at ¶ 948. As the

Commission found, a promotional offering is a service provided "at retail." It therefore follows that the "retail rate paid by subscribers" must be the rate that subscribers who are not telecommunications carriers actually pay for the promotional service, i.e., the promotional rate. Therefore, pursuant to Section 252(d)(3) of the 1996 Act, the incumbent LEC must make the promotional offering available for resale at a wholesale rate that is based on the promotional rate. Nothing in the Act allows a different result. The Section 252(d)(3) standard, therefore, must be applied to all retail rates, including promotional rates.

Even if a promotional discount could somehow be excepted from the wholesale pricing requirements, however, there is no basis for allowing ILECs to offer promotions up to a full 90 days in length, free of the wholesale pricing requirement. As the Commission recognized, "excluding promotions that are offered for as long as four months may unreasonably hamper the efforts of new competitors that seek to enter local markets through resale." Order at ¶ 950. Excluding promotions offered for as long as three months will have the same anticompetitive effect; no evidence in the record points to a contrary conclusion. Should the Commission decide to exclude short-term promotions from the wholesale pricing requirements, the exclusion should only be for promotions that are truly short-term.

MCI contends, however, that even a short term would not be sufficient to protect against ILEC abuse. As the Commission recognized, there is a danger that ILECs will simply string together promotional periods in an effort to avoid the wholesale pricing requirement. The Commission attempted to address this problem in Section 51.613(a)(2) of its regulations by expressly prohibiting an incumbent LEC from using promotional offerings to evade the wholesale rate obligation by, for example, making available a sequential series of promotions. Sequential is not defined, however, leaving open the possibility that ILECs will offer a promotion for the maximum period possible, withdraw it for a brief period, then offer the same promotion for the maximum period again. In essence, an ILEC could arguably reintroduce a promotional rate only one day or one week after the prior promotion ends. To guard against this outcome, if the Commission does exclude short-term promotions from its wholesale requirement, it must mandate the expiration of at least one year between promotions for the same underlying service, and should also expressly prohibit the use of promotional rates for the same service that has only been repackaged.

The Commission should also explicitly prohibit incumbent LECs from extending short-term promotions, originally offered without the wholesale discount, beyond the time limit that the Commission has established for short-term promotions. Although it is clear that the promotion as a whole would then qualify as "long term," and competitors would be entitled to the wholesale discount for the time period covered by the original "short term" promotion, competition would nonetheless be harmed. Because new entrants' marketing strategies would necessarily depend on the price at which they expect to obtain the promotional offering for resale, it would not be sufficient for the incumbent LEC to provide competitors with the wholesale discount for the initial "short-term" segment on a retroactive basis. The Commission must therefore prohibit extensions of short-term promotions.

The Commission should also limit the anticompetitive impact of short-term promotions by restricting their scope. It should define a promotion not simply as a "temporary price discount," but also as a "temporary incentive for customers to purchase an additional product or service." This would preclude incumbent LECs from making short-term promotions available to customers who already purchase the underlying product or service. Short term promotions that are not subject to the wholesale pricing requirement and are available to customers that already purchase a product or service would serve only to lock in the incumbent LEC's customer base. Accordingly, incumbent LECs that wish to make a promotion available to customers that already purchase the underlying product or service must provide the promotional offering to requesting carriers at the wholesale discount rate.

Finally, MCI requests that the Commission clarify that the Order only exempts short-term promotional offerings from the Section 251(c)(4) wholesale pricing obligation, not the Section 251(b)(1) resale obligation. Under Section 251(b)(1) of the 1996 Act, a local exchange carrier has "[t]he duty not to prohibit, and not to impose unreasonable or discriminatory conditions or limitations on, the resale of its telecommunications services." §251(b)(1). Accordingly, an incumbent LEC may not restrict a requesting carrier from purchasing promotional offerings and reselling these services. In the Order, the Commission defines a promotion as "price discount from standard offerings that will remain available for resale at wholesale rates."[5] The Commission should clarify that services will not only remain available for resale at the wholesale rate, but will also be available for resale at the promotional rate. Because the promotional rate may be below the wholesale rate, restrictions on the resale of the promotional offering would exacerbate the anticompetitive effects of short-term promotions.

V. THE COMMISSION'S WHOLESALE DEFAULT DISCOUNT RATES MUST BE ADJUSTED.

In its Comments, MCI submitted a study designed to aid the Commission in setting default resale discount percentages.[6] The cost data used in that study was the "subject to separations" data which the RBOCs and GTE had filed with the Commission pursuant to Part 69 of the Commission's rules. Although the Commission relied in part on MCI's study, it made several alterations which caused the resulting discount rates to be skewed inappropriately. Specifically, the Commission excluded interstate access service from those services that

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5 Order at ¶ 948.

6 "Pricing of Wholesale Services," J. Christopher Frentrup, Attachment A to Comments of MCI Telecommunications Corporation, In the Matter of Implementation of Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, May 16, 1996 ("MCI Comments").

must be provided at retail, Order at ¶980, but neglected to exclude the corresponding costs of providing that service from the "subject to separations" data on which the cost study was based. The Commission also altered the method by which indirect avoided costs were calculated, in a way that undervalued those costs. Finally, the Commission failed to establish default discounts by company, but instead set a single national proxy discount range.

As noted above, MCI's initial cost study used "subject to separations" data, which includes the cost associated with providing both interstate and intrastate services. MCI used this data because it assumed that ILECs would be required to resell all services, including inter- and intrastate services, at wholesale rates. Thus, MCI's model calculated the costs that would be avoided on both types of services, if both were offered for wholesale.

The Commission chose, however, not to require ILECs to offer interstate exchange access services on a wholesale basis. Id. Thus, the costs associated with providing that service should have correspondingly been excluded from the cost data the Commission used to calculate the discount. The Commission's failure to do so resulted in a study which, in effect, compared "apples to oranges," and skewed the discount proxy rates. Accordingly, the Commission should recalculate the discount rates, taking into account only the proper universe of costing data -- those costs incurred in the provision of those services ILECs must offer at resale.

In computing the percentage of avoided costs, the Commission also revised MCI's methodology for calculating indirect avoided costs. In addition to direct costs that can be avoided when a service is offered at wholesale, indirect costs are also avoided. Thus, as the Commission recognized, some portion of indirect expenses such as salaries, or general overhead, should be included in the total avoided cost figure.[7] The Commission determined that avoided indirect costs should be calculated by dividing the avoided direct costs of providing a service by the total cost of providing the service. That calculation significantly underestimates the avoided indirect costs, however. Total operating costs include both direct and indirect costs. To compare the amount of avoided direct costs to total direct plus indirect costs creates a mismatch, and does not accurately reflect the amount of indirect costs that are avoided. Instead, avoided direct costs should be calculated by dividing the avoided direct costs by the total direct cost. MCI thus urges the Commission on reconsideration to find that indirect costs should be avoided in the proportion of avoided direct costs to total direct costs.

Finally, in its Comments, MCI advocated that, because the Commission has, in its possession, accurate costing data for each RBOC and for GTE

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[7] For purposes of this discussion, indirect avoided expenses are defined as overhead and support expenses that are partially avoided when services are offered for wholesale. The Commission has determined that these expenses would be avoided in the same proportion as direct expenses, i.e., by applying the fraction Avoided Direct Expenses / Total Operating Expenses.

individually, the Commission set separate discount rates for each carrier.[8] The Commission chose not to do so, however, instead setting a default range of 17 to 25 percent, allowing states to pick the exact percentage within that range.[9] Setting default discount rates by carrier based on actual cost data, however, reflects avoided costs more accurately in accordance with the statutory mandate. MCI again urges the Commission to set the default discounts on a carrier-by-carrier basis, based on the actual cost data submitted for each RBOC and for GTE.

In an effort to assist the Commission with this undertaking MCI has performed an avoided cost study making the changes adopted by the Commission in its Order, and the changes advocated by MCI in this petition. This study uses state data from the ARMIS 43-04 report to compute the discount for the RBOCs and GTE. The discounts, calculated by holding company, range from 21.87 percent for GTE to 30.78 for Ameritech. Full results for each company by state are provided in Attachment 1. Therefore, MCI urges the Commission to adopt the discounts shown in Attachment 1, which reflect the costs that are truly avoided when each carrier sells service at wholesale.

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8 MCI Comments at p. 90.

9 For purposes of this discussion, indirect avoided expenses are defined as overhead and support expenses that are partially avoided when services are offered for wholesale. The Commission has determined that these expenses would be avoided in the same proportion as direct expenses, i.e., by applying the fraction Avoided Direct Expenses / Total Operating Expenses.

VI. UNBUNDLING OF LOOP DISTRIBUTION IS TECHNICALLY FEASIBLE.

In the Order, the Commission found that subloop unbundling could provide significant benefits to new entrants by allowing access to the loop at points closer to the customer. Order at ¶ 390. The Commission declined to identify the feeder, feeder/distribution interface (FDI), and distribution components of the loop as individual network elements, however, because it found that proponents of subloop unbundling had failed to adequately respond to the incumbent LECs' allegations that subloop unbundling raises network reliability concerns. Order at ¶ 391.

This was the only technical impediment to subloop unbundling the Commission identified.[10] However, no such impediment exists. First, the incumbent LEC's distribution and feeder facilities are cross-connected at an FDI in the vast majority of incumbent LEC loops.[11] Clearly no reliability issues exist there. Cross-connecting distribution pairs to a new entrant's feeder at an FDI is no different from cross-connecting distribution pairs to incumbent LEC feeder, and does not, as the ILECs have alleged, present unique network reliability issues. Network reliability concerns arguably present in individual cases in which

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[10] See generally Order at ¶ 390 ("The records presents evidence primarily of "logistical, rather than technical, impediments to subloop unbundling.")

[11] For example, seventy-three percent (73%) of Ameritech's loops employ FDIs. Bellcore, Issues Concerning the Providing of Unbundled Subloop Elements by Ameritech, May 15, 1996 (Attachment to Ameritech Comments).

feeder and distribution are directly spliced together can be adequately addressed in the context of a specific request for unbundling by a new entrant.

Second, although the incumbent LECs contended that access by a competitor's personnel to loop equipment necessary to provide subloop elements, such as the FDI, raises network reliability concerns for customers served through the FDI, see Order at ¶ 391, this concern is effectively mooted because unbundling of loop distribution does not require that competitors' technicians be given access to the FDI. Instead, the new entrant need only bring its feeder cable to an interface point close to the FDI, with enough spare cable to extend from the interface point to the FDI. The incumbent LEC's technicians then install the new entrant's feeder pairs at the FDI and connect the new entrant's feeder to the requested distribution pairs. All work at the FDI will be performed by the ILEC's technicians, who presumably are charged with ensuring that network reliability is maintained.

Indeed, the Illinois Commerce Commission (ICC) specifically rejected the assertion that subloop unbundling is technically infeasible and could result in harm to the incumbent LEC network.[12] Interestingly, the ICC, which required

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12 Illinois Bell Telephone Company: Proposed introduction of a trial of Ameritech's Customers First Plan in Illinois; Illinois Bell Telephone Company: Addendum to proposed introduction of a trial of Ameritech's Customers First Plan in Illinois; AT&T Communications Inc.: Petition for an investigation and Order establishing conditions necessary to permit effective exchange competition to the extent feasible in areas served by Illinois Bell Telephone Company; Illinois Bell Telephone Company: Proposed Introduction of a trial of Ameritech's Customers First Plan in